MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2019 / 2020 SESSION

DIB5014 – INTRODUCTION TO INTERNATIONAL BUSINESS

(All Sections / Groups)

9 MARCH 2020
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 10 pages with 2 sections.

2. Attempt **ALL** questions in Section A and Section B. The distribution of the marks for each question is given.

3. Please write all your answers for Section A on the OMR form provided and all answers for Section B in the Answer Booklet provided.

SECTION A: MULTIPLE CHOICE QUESTIONS (40 marks)

Instruction: Please shade your answers on the OMR sheet provided.

The voluntary exchange of goods, services, assets, or money between one person or organization and another.

Statement 1

1. Which of the following term is **BEST** to describe for the Statement 1 above?
   A. Transaction.
   B. Sales.
   C. Trade.
   D. Strategic Management.

2. Which of the following theory that a nation's wealth is measured by its holdings of gold and silver?
   A. Mercantilism.
   B. Comparative Advantage.
   C. Absolute Advantage.
   D. Relative Factor Endowments.

3. Theory of _____ suggests that a country should export those goods and services for which it is more productive than other countries and import those goods and services for which other countries are more productive.
   A. competitive advantage
   B. absolute advantage
   C. comparative advantage
   D. national competitive advantage

4. Which of the following theory is also known as the Heckscher-Ohlin theory?
   A. Relative advantage.
   B. Comparative advantage.
   C. Relative factor endowments.
   D. Specialisation of countries.

5. Spain exports wine to Japan, and Japan exports computers to Spain. This is an example of _____ .
   A. mercantilism
   B. diversification
   C. interindustry trade
   D. intraindustry trade

Continued...

6. Which of the following are sequence of stages in Vernon's product life cycle theory?
   I. New Product Stage.
   II. Growing Product Stage.
   III. Maturing Product Stage.
   IV. Standardised Product Stage.
   A. I, II and III.
   B. I, II and IV.
   C. I, III and IV.
   D. II, III and IV.

7. Who developed the theory of national competitive advantage?
   A. Adam Smith.
   B. Raymond Vernon.
   C. Michael Porter.
   D. Eli Heckscher.

8. Which of the following is one of the four elements that discussed in the theory of national competitive advantage?
   A. Factor conditions.
   B. Opportunity costs.
   C. Equity conditions.
   D. Market saturation rates.

This type of investment is a passive holdings of securities such as foreign stocks, bonds, or other financial assets.

Statement 2

9. Which of the following term is **CORRECT** to describe for the Statement 2 above?
   A. Foreign direct investment.
   B. Foreign portfolio investment.
   C. Capital investment.
   D. Controlling ownership.

Continued...

10. Which of the following theory introduced the concept of intraindustry?
    A. New Trade Theory.
    B. Linder's Country Similarity Theory.
    C. National Competitive Advantage.
    D. Product Life Cycle.

11. Which type of following investment describes the acquisition of foreign assets for the purpose of controlling them?
    A. Capital investment.
    B. Controlling ownership.
    C. Foreign direct investment.
    D. Foreign portfolio investment.

12. The costs of negotiating, monitoring, and enforcing a contract are falls under _____.
    A. opportunity costs
    B. transaction costs
    C. indirect costs
    D. direct costs

13. Which of the following are the main types of intellectual property rights?
    I. Slogan.
    II. Trademarks.
    III. Patents.
    IV. Copyrights.
    A. I, II and III
    B. I, II and IV
    C. I, III and IV
    D. II, III and IV

14. Which of the following theory suggest a country should export products that use relatively abundant factors of production?
    A. Relative advantage.
    B. Absolute advantage.
    C. Comparative Advantage.
    D. Heckscher – Ohlin.

Continued...

15. Behaviour that conforms to generally accepted social norms. Which of the following explain about the statement?
    A. Ethics.
    B. Ethical behaviour.
    C. Unethical behaviour.
    D. Morally Incorrect

16. Ethical values are strongly affected by national _____ and customs.
    A. law
    B. rules
    C. cultures
    D. guidelines

17. Which of the following is **TRUE** on ethical issues related to how employees treat the organisation?
    A. Honesty.
    B. Hiring practice.
    C. Career development.
    D. Compensation and benefits.

18. Another major perspective for viewing ethics involves the relationship between the firm and its employees with other economic agents. Which of the following is **NOT** an agent?
    A. Dealers.
    B. Suppliers.
    C. Stockholder.
    D. Shareholder.

19. Multinational Corporations address ethical issues proactively, by offering employees training in how to cope with ethical dilemmas. Regardless of which approach they use, though, most multinationals provide expatriates with _____ ethics training to better prepare them for their foreign assignments.
    A. global
    B. localised
    C. multinational
    D. standardised

20. _____ is the set of obligations a corporation undertakes to protect and enhance the society in which it functions.
    A. Organisational practices
    B. Corporate culture
    C. Organisational behaviour
    D. Corporate social responsibility

Continued...

21. Which of the following is **NOT** the commonly used framework for defining CSR?
    A. Economic Mission.
    B. Natural Environment.
    C. Economies of Scale.
    D. General Social Welfare.

22. In the stakeholder model, which of the following is one of the secondary stakeholder?
    A. Investors.
    B. Media.
    C. Customers.
    D. Employees.

23. SpeedoMarto is an organisation that does as little as possible to address social or environmental problems. Therefore, SpeedoMarto takes a/an _____ stance to social responsibility.
    A. proactive
    B. accommodative
    C. defensive
    D. obstructionist

24. KeepMart meets its legal and ethical requirements but also goes beyond these requirements. It also voluntarily agrees to participate in social programs. Thus, KeepMart adopts a _____ stance.
    A. proactive
    B. accommodative
    C. defensive
    D. obstructionist

25. Maideen is a firm that adopt this approach take to heart the arguments in favor of social responsibility. They view themselves as citizens in a society and proactively seek opportunities to contribute. Which of the following **BEST** describe this approach?
    A. proactive stance
    B. accommodative stance
    C. defensive stance
    D. obstructionist stance

26. Suppose £1 is trading for $2.00 in New York City and $1.80 in London. A foreign exchange trader could take $1.80 and buy £1 in London's financial exchange market and then sell it for $2.00 in New York's financial exchange market. Which of the following **BEST** describe the above situation?
    A. Two-point arbitrage.
    B. Three-point arbitrage.
    C. Covered interest.
    D. Arbitrage of goods.

Continued...

27. Given by a flexible exchange rate system, the price of foreign exchange is set by _____ in the marketplace.
    A. legal system
    B. gold reserve
    C. international trade
    D. supply and demand

28. The price of the foreign currency in terms of the home currency also known as _____.
    A. direct quote
    B. indirect quote
    C. bid price
    D. ask price

29. Which of the following is the largest foreign exchange market in the world?
    A. London Stock Exchange.
    B. Singapore Stock Exchange.
    C. New York Stock Exchange.
    D. Kuala Lumpur Stock Exchange.

30. Which of the following is **NOT** clients of the foreign-exchange departments of commercial banks?
    A. Commercial customers.
    B. Exchange-rate speculators.
    C. Currency arbitrageurs.
    D. Central banks.

31. Supposed if a currency not likely to depreciate suddenly or to fluctuate greatly in value, it would be an example of _____.
    A. hard currency
    B. soft currency
    C. euro currency
    D. flexible currency

32. Adam travel to Canada for a business trip. He found that his bank in Malaysia, RHB Bank also operates in Canada using the same name and symbol. Which of the forms of international bank **BEST** describe RHB Bank in Canada?
    A. Branch Bank.
    B. Affiliated Bank.
    C. Subsidiary Bank.
    D. Offshore Bank.

Continued...

33. In 1950s, any US Dollar deposited in any bank outside the United States is known as _____ .
    A. Eurodollar.
    B. Currency options.
    C. Foreign exchange.
    D. Exchange rates.

34. _____ focus on offering banking and other financial services to non-resident customers.
    A. Subsidiary banks
    B. Branch banks
    C. Affiliated banks
    D. Offshore financial centers

35. U.S. dollar is the primary _____ for the foreign-exchange market.
    A. fund
    B. market
    C. treasurers
    D. transaction currency

36. Which of the following is **NOT** the major player in the foreign exchange market?
    A. Hedge funds.
    B. Central banks.
    C. Domestic retailers.
    D. Insurance companies.

37. _____ consists of foreign-exchange transactions that will occur sometime in the future.
    A. Swap transactions
    B. Currency futures
    C. Spot market
    D. Forward market

38. _____ the riskless purchase of a product in one market for immediate resale in a second market, in order to profit from a price discrepancy.
    A. Arbitrage
    B. Speculate
    C. Currency options
    D. Purchasing Power Parity

Continued...

39. Abraham would like to travel to Indonesia. He goes to CIMB Bank to exchange the Malaysian ringgit to Indonesia rupiah. Which of the service use by Abraham at CIMB Bank?
    A. Affiliated banking.
    B. Offshore banking.
    C. Commercial banking.
    D. Investment banking.

40. MNEs often use offshore financial centers to obtain low-cost Eurocurrency loans. Which of the following is **NOT** the benefits of offshore financial centers?
    A. Insurance coverage.
    B. Political stability.
    C. Regulatory climate.
    D. Excellent communication link.

(Total: 40 Marks)

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SECTION B: STRUCTURED QUESTIONS (60 marks)

Instruction: Please write your answers in the answer booklet provided.

QUESTION 1

> Tariff is a tax placed on an imported or exported good involved in international trade.

Statement 1

(a) According to the Statement 1, identify and explain **THREE (3)** forms of import tariffs. (6 marks)

(b) One of the nontariff barriers (NTB) is quantitative restrictions. It is a trade barrier that impose a numerical limit on the quantity of a good that may be imported or exported. Describe any **THREE (3)** types of quantitative restrictions. (6 marks)

(c) List any **THREE (3)** of other nontariff barriers (NTB). (3 marks)

(Total: 15 Marks)

QUESTION 2

(a) In the strategic planning process, multinational corporations (MNCs) adopt strategic alternatives in their attempt to balance the goals of global efficiencies, multinational flexibility, and worldwide learning. Explain any **TWO (2)** of the strategic approaches that can be used by those MNCs. (4 marks)

(b) Developing international strategies is not a one-dimensional process. Normally, firms carry out international strategic management in few stages. Identify the **FIVE (5)** steps involved in international strategy formulation. (5 marks)

(c) Corporate strategy is defined as the domain of businesses in which the firm intends to operate. Describe the **THREE (3)** forms of corporate strategy. (6 marks)

(Total: 15 Marks)

Continued...

QUESTION 3

(a) Identify any **FOUR (4)** modes of entry that can be used by firms in expanding their market shares and profits. (4 marks)

(b) Apart of the strategies in Question 3 (a), firms also may use any of the specialised strategies to participate in international business without making long-term investments. Describe those **THREE (3)** specialised entry modes that firms can adopt. (6 marks)

(c) Define "*international licensing*". (2 marks)

(d) Provide any **THREE (3)** basic issues that should be considered by a firm if using "*international licensing*" to enter a foreign market. (3 marks)

(Total: 15 Marks)

QUESTION 4

(a) Define "*joint venture*". (2 marks)

(b) List any **THREE (3)** benefits of strategic alliances. (3 marks)

(c) Explain the **FIVE (5)** pitfalls of strategic alliances. (10 marks)

(Total: 15 Marks)

End of Paper